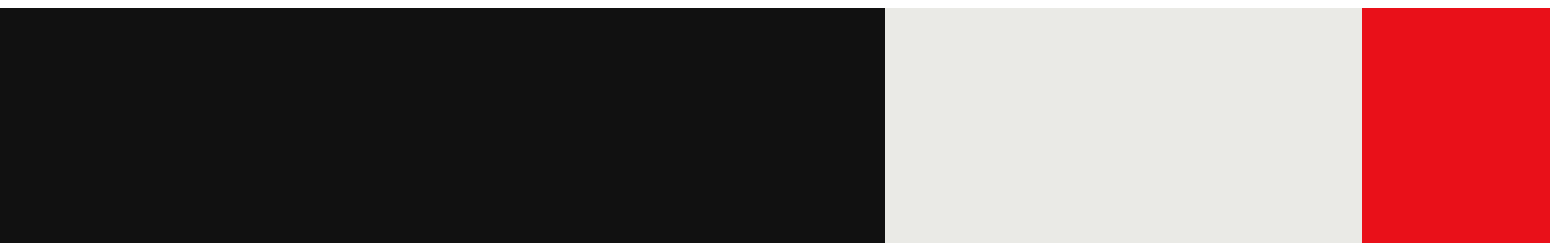



Advertisers are losing \$1 billion on CTV ads that run while TVs are off

Article



The news: Approximately 17% of all ads delivered through connected TV (CTV) devices like dongles or gaming consoles are playing while televisions are off, costing marketers **\$1 billion per year in wasted ad spend**, according to a report from **GroupM** and **iSpot**.

- GroupM and iSpot said they found “virtually no incidence” of the issue when users were streaming from native smart TV apps.

- Native smart TV apps make up around 50% of all CTV streaming, meaning approximately **8% to 10% of all CTV ads** are broadcasting on a dead screen.

The problem: The study was conducted with 20 million **Vizio** smart TVs, and found streaming devices sometimes do not receive an “off” signal from the attached HDMI cable when a user shuts off a television.

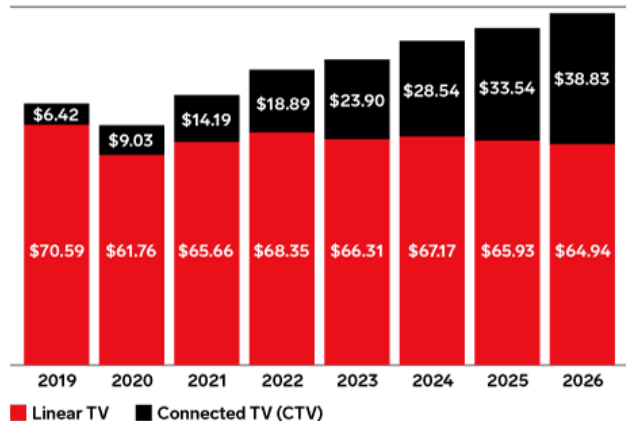
- Vizio’s vice president called the findings “unsurprising” since smart TVs do not directly control ancillary devices.

What this means: The findings are an unwelcome shakeup to an ad industry already in disarray and dealing with the looming era of uncertainty, a shaky digital ad landscape, and the fractured state of TV measurement.

- The news isn’t any easier to swallow given that CTV ad spending has grown exponentially in recent years. In 2017, we estimated that CTV ad spending would reach \$2.6 billion. This year, it will reach **\$18.9 billion**, and will soar to **\$38.83 billion** by 2026.
- This newfound doubt over the effectiveness of ad-supported video (AVOD) also comes at a bad time, as both streaming services and marketers look to AVOD channels to diversify revenues and reach broader audiences, respectively.
- The problem may be almost non-existent for smart TV apps, but even that news is made more complex by the fact that **USCTV users outnumber smart TV users by nearly 90 million**, according to our forecast.

Combined US Linear and Connected TV (CTV) Ad Spending, 2019-2026

billions



Note: linear TV includes broadcast (network, spot, and syndication) and cable TV; excludes digital; CTV includes digital advertising that appears on CTV devices; examples include display ads that appear on home screens and in-stream video ads that appear on CTVs from platforms like Hulu, Roku, and YouTube; excludes network-sold inventory from traditional linear TV and addressable TV advertising
Source: eMarketer, March 2022

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Solutions: Streaming services and TV manufacturers were quick to respond to the news with potential solutions, but because the issue lies with hardware, a meaningful fix could be a long way out.

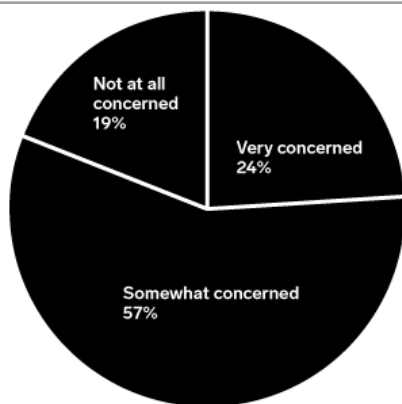
- **Paramount** told The Wall Street Journal that it is working on a feature that will ask users if they are still watching, and shut down the app if no response is received—a fix that may cut down on dead ads, but could also annoy users who leave shows running while doing other tasks.
- **Amazon** told the Journal that it “obsesses” over maintaining customer trust, and is communicating with iSpot and GroupM to “better understand” its findings.
- iSpot, ever eager to [gobble up](#) a larger share of the fractured measurement landscape, said it would soon offer a solution for the very problem it highlighted that will verify if ads were correctly delivered.

The big takeaway: The report casts doubt on the effectiveness of several growing advertising spend sectors at a time when the ad industry is [already facing tough times](#) and [uncertainty](#) about the effectiveness of multiple digital ad channels.

- The CTV market may be growing, but its history is rife with accusations of fraud and inaccurate measurement. The number of users moving to CTV devices outpaces the number of solutions manufacturers and streamers are developing to increase its reliability.

How Concerned Are Marketing Professionals Worldwide About Ad Fraud and Viewability on CTV?

% of respondents, Nov 2021



Note: n=226

Source: Mediaocean, "2021 Market Report and 2022 Outlook," Jan 6, 2022

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